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SUBJECT: MEDIA REACTION: TAIWAN, TIBET, U.S. TREASURY BONDS

Editorial Quotes

11. TAIWAN

"U.S. media suggest the 'crack down' on export of Chinese weapons"

The official Communist Party international news publication Global Times (Huanyu Shibao)(03/19): "Recently the U.S. media's 'World Politics Review' issued an article talking about the world economic crisis further promoting the export of Chinese weapons. This makes the U.S. feel uneasy. The article suggested that the U.S. government should pressure China through arms sales to Taiwan. Chinese experts pointed out that the number of exported Chinese weapons is unable to compare with that of the U.S., it is only one tenth of what the U.S. exports. From 2004 to 2008 the largest exporter of weapons was the U.S. China only ranks twelfth in the world. What's more, these two issues are not equal issues. U.S. arms sales to Taiwan are interferences into China's internal affairs. The U.S. and China have signed the '8.17 communiqu^e' where the U.S. promises to gradually decrease arms sales to Taiwan. However, the U.S. has always betrayed the communiqu^e and has not fulfilled its promise."

12. TIBET

"U.S.-China relations: Nation vs. society"

The official Communist Party international news publication Global Times (Huanyu Shibao)(03/19): "Recently, China's diplomacy is facing great pressure from the West on issues such as human rights, environment and Tibet. For example, on the Tibet issue the pressure comes not only from Western governments but also from various human rights organizations and interest groups. Because of the political pressure and public opinion encouraged by these groups, the Western governments must take a tough stance on the issue, especially the U.S. government. The U.S. has a long history as a citizenship society. Its citizenship society has a powerful influence. In the U.S., there are a large number of NGOs. These NGOs have had the opportunity to participate in the creation of U.S. diplomatic process. Meanwhile, the U.S. has established relations through systems with NGOs.

Some self-initiated behaviors of citizens have actually had the 'invisible hand' of the U.S. government behind them. The National Endowment for Democracy is one of the most effective systems. The U.S. government gives certain tasks, which it considers inconvenient, to social and non-government organizations in the form of aid. Supporting the Tibet Youth Congress's trouble-making activities is one of these projects. These organizations receive funds from the U.S. government and thus are dominated by the government. Now, diplomacy in many countries is a result of mixed international and domestic influences. The general picture of 'big diplomacy', in which all citizens and all societies are involved, is emerging in the world. Today, relying on foreign affairs departments to solve various international issues does not seem to be enough. More and more, a country's diplomatic ability depends on social and

non-government strength and vitality."

13. U.S. TREASURY BONDS

"Obama, how can China believe you?"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(03/19): "Obama's comments concerning the U.S. Treasury bonds are mostly oral pacifiers. In order to relieve China of its concerns, the U.S. needs to not only make oral promises but needs to take practical action. The U.S. could take two actions. The U.S. could increase the interest rate of its Treasury bonds. This is one way that China can make more profit, from the interest on U.S. bonds. Or, the U.S. could establish a system connecting the profits off of the interest from China's purchase of U.S. bonds, the inflation rate and the RMB-U.S. dollar exchange rate. The RMB exchange rate has become the biggest and most influential factor for China in purchasing U.S. bonds. As long as the U.S. can do the above two things, the security of China's investment will be well ensured. China should redefine its identity as the creditor of U.S. bonds, not just the investor. As the debtor, protecting the security of China's assets is the duty of the U.S., not the charity that they give China. China should also manage the U.S.' presupposed expectation that China will not decrease its purchase of the U.S. bonds."

PICCUTA